

SECRETENCLOSURE "B"DISCUSSION

1. The term "counterintelligence" pertains to that aspect of intelligence activity relating to all security control measures, both active and passive, designed to insure the safeguarding of information, personnel, equipment and installations against the espionage, sabotage or subversive activities of foreign powers and of disaffected or dissident, indigenous groups or individuals. Counterintelligence, therefore, encompasses such expressions as counter-espionage, counter-sabotage, counter-subversion and security and, in its broadest sense, implies those intelligence procedures and operations directed against the activities of foreign intelligence services and subversive influences which constitute a threat to the security of the national interests.

2. The specific functions related to the security of the United States and exercised by federal counterintelligence or security staffs and field agencies, both outside and within the United States and its possessions, are as follows:

- a. Counter-espionage,
- b. Counter-sabotage,
- c. Counter-subversion,
- d. Internal security control (primarily of passive character and relating to the safeguarding of information, personnel, equipment and installations).
- e. Civil security control (effected for the inhabitants of U. S. occupied, foreign areas).
- f. Port, frontier and travel security control.
- g. Censorship.
- h. Technical counterintelligence services (counterintelligence aspects of secret methods of communication, sabotage materials and techniques, radio direction finding equipment and techniques and similar matters).

1. Liaison with the counterintelligence and security services of foreign powers on matters of common interest in furtherance of the national security.

3. A survey, conducted by the Central Intelligence Group, has determined that many departments and agencies of the Federal Government are currently charged with the exercise of certain of the counterintelligence functions related to the national security which have been listed in the foregoing paragraph. A tabular presentation of the results of this survey follows:

TABLE I

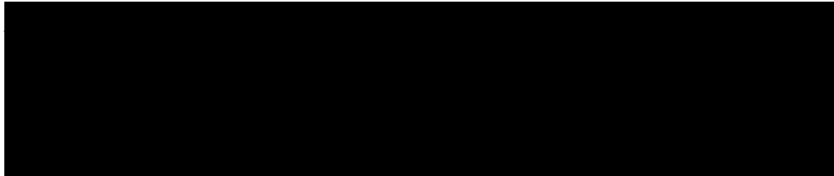
FEDERAL COUNTERINTELLIGENCE ACTIVITIES

OUTSIDE THE UNITED STATES AND ITS POSSESSIONS

<u>Department or Agency</u>	<u>Activity</u>	<u>Functions</u>
(1) War	(a) G-2 (CI) of theater commanders of occupied areas under War Department (Security Group, Office of Director of Intelligence, W.D.G.S.)	Formulation and supervision of implementation by the Counter Intelligence Corps of counterintelligence policies and procedures designed to secure the national interests against foreign espionage, sabotage and subversive activities; insure civil, port, frontier and travel security control in occupied areas; destroy remnants of hostile intelligence services and affiliated organizations.
	(b) X-2, SSU	Conduct of residual OSS/SCI or X-2 counter-espionage operations (sharply limited in scope due to lack of personnel); security coverage of existing SSU/CI operations.

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TABLE I (Continued)

<u>Department or Agency</u>	<u>25X1C Activity</u>	<u>Functions</u>
		
(2) Navy	(a) Security Officers of Fleet and Base commands under Navy Department (Domestic Branch of Office of Chief of Naval Intelligence, O.C.N.O.)	Formulation and supervision of implementation of naval security control policies and procedures for naval establishments overseas.
	(b) Intelligence Group, (Opn Int), Office of CNI, O.C. N.O.	Preparation and maintenance of research monographs on foreign intelligence services.
	(c) Naval attaches	Same as military attaches.
(3) State	(a) Chiefs of Missions	Coordination of intra-mission security matters (currently delegated to SSU/X-2 representative or to Legal Attache (FBI), if present)
	(b) Safehaven Project	Investigation of enemy plans, investments and individual activities designed to preserve their economic, political and military potential abroad after termination of hostilities.
(4) Justice	FBI	Conduct of liaison-type counter-

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TABLE I (Continued)

<u>Department or Agency</u>	<u>Activity</u>	<u>Functions</u>
		intelligence operations affecting the internal security of the U.S.; limited largely to Western Hemisphere.

TABLE IIFEDERAL COUNTERINTELLIGENCE ACTIVITIESWITHIN THE UNITED STATES AND ITS POSSESSIONS

<u>Department or Agency</u>	<u>Activity</u>	<u>Functions</u>
(1) Justice	(a) FBI	Conduct of investigations of espionage, sabotage and related matters pertaining to the internal security of the U. S. and its possessions. (Prosecution of offenses against the internal security, such as espionage, conducted by Criminal Division of Department of Justice).
	(b) Immigration and Naturalization Service	Security control matters relative to aliens, to include operation of the Immigration Border Control.
(2) War	(a) Security Group, Office of the Director of Intelligence, W.D.G.S.	Formulation and promulgation of War Department counterintelligence policies and procedures and supervision of their implementation within the War Department establishment.

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TABLE II (Continued)

<u>Department or Agency</u>	<u>Activity</u>	<u>Functions</u>
	(b) Manhattan District Engineering Project.	Security of project processes, personnel, installations and activities.
(8) Navy	Domestic Branch, Office of the Chief of Naval Intelligence, O.C.N.O.	Formulation and promulgation of Navy Department counterintelligence policies and procedures and supervision of their implementation within the naval establishment.
(4) Joint Chiefs of Staff	Joint Security Control.	Formulation and promulgation of security control measures related to joint Army-Navy-Air operational matters.
(5) State	(a) Office of Controls.	Passport/visa control and the formulation and implementation of security control policies and procedures relating to departmental interests, to include political security matters.
	(b) Office of Economic Security Policy.	Formulation and implementation of policies and procedures relating to economic security control matters.
(6) State-War-Navy Coordinating Committee.	(a) Subcommittee for Military Information Control.	Formulation and implementation of national security control policies relating to disclosure of classified military information and matériel.

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TABLE II (Continued)

<u>Department or Agency</u>	<u>Activity</u>	<u>Functions</u>
	(b) Security Advisory Board.	Formulation of and dissemination of guidance relating to internal security control policies and regulations for non-military governmental departments or agencies, a responsibility discharged during the war by the Security Advisory Board of OWI.
(7) Justice, War and Navy	Inter-departmental Intelligence Committee (FBI, MID and ONI - established by Executive Order of 28 June 1939.)	Coordination of investigations relating to espionage, counter-espionage and sabotage matters within the U. S. and its possessions and in the Western Hemisphere.
(8) Treasury	(a) Bureau of Customs.	Security control activities incident to the enforcement of customs, navigation and other laws and regulations concerning international traffic crossing the land borders and seacoasts of the continental U. S. and its principal territories.
	(b) Bureau of Narcotics.	Security matters incident to narcotic traffic control activities.
	(c) Foreign Funds Control.	Limited activities of counterintelligence character connected with control of foreign exchange and foreign-owned property and of the importation or exportation of domestic currency and securities.

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TABLE II (Continued)

<u>Department or Agency</u>	<u>Activity</u>	<u>Functions</u>
	(d) Secret Service	Security of the President and his family and of visiting foreign dignitaries. Counterintelligence aspect of matters concerning counterfeiting of U. S. currency and securities.
	(e) Coast Guard (Navy in War; Treasury in peace)	Security control activities incident to enforcement, on navigable waters of U. S., of customs and navigation laws; security control of merchant seamen.

Note: It should be appreciated that only those governmental departments and agencies with an established activity charged with functions of counterintelligence nature have been specifically cited above; all governmental departments and agencies are responsible for insuring the internal protection of classified departmental matters against compromise.

4. The survey has further disclosed that a comprehensive, national program providing for the central direction, coordination and supervision of our foreign counterintelligence activities and of the internal security control procedures relative to the safeguarding of information, personnel, equipment and installations of the departments and agencies of the Federal Government has not been established. Evidence of limited coordination of some governmental departments' activities in certain fields of counterintelligence has been found in the existence of the Joint Security Control of the Joint Chiefs of Staff, the Military Information Control Subcommittee and Security Advisory Board of the State-War-Navy Coordinating Committee and the Inter-Departmental Intelligence Committee (See Table II above). In addition, the Federal Bureau of Investigation of the Department of Justice effects

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some degree of active coordination in the counterintelligence field with the War, Navy and State Departments through the use of liaison personnel. However, it is emphasized that lack of a comprehensive central coordination of all foreign and domestic counterintelligence procedures and operations has resulted in confused opinions as to jurisdictions of authority, undesirable duplication of effort and absence of an integrated Federal counterintelligence program designed to assist in insuring the security of the national interests.

5. Paragraph 1 of the Presidential letter, dated 22 January 1946, designated the National Intelligence Authority as responsible for planning, developing and coordinating all Federal foreign intelligence activities so as to assure the most effective accomplishment of the intelligence mission related to the national security. Furthermore, paragraph 3b of the Presidential letter charged the Director of Central Intelligence with the responsibility of planning for the coordination of those activities of the intelligence agencies of the National Intelligence Authority which relate to the national security and of recommending to the National Intelligence Authority the establishment of such over-all policies and objectives as will assure the most effective accomplishment of the national intelligence mission. Paragraph 1 of this Discussion indicates that counterintelligence activities are an integral part of general intelligence activities.

6. Paragraph 4 of the Presidential letter of 22 January 1946 states that the Director of Central Intelligence is prohibited from exercising police, law enforcement or internal security functions. Therefore, the Central Intelligence Group may not engage in operating functions of this nature; however, it is believed that this prohibition does not imply that the coordination of the foreign counterintelligence operations related to the national security with the security operations conducted within the United States and its possessions by appropriate Federal agencies under existing law is forbidden.

7. It is concluded that, in consideration of the facts contained in the

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foregoing Discussion and in order to implement those provisions of the Presidential letter of 22 January 1946 cited in paragraph 5 above, a comprehensive program should be established by the National Intelligence Authority which would:

a. Announce the broad national policies and procedures to govern the central direction, coordination and supervision of our foreign counterintelligence activities and of the internal security control procedures of departments and agencies of the Federal Government which relate to the national security.

b. Establish a central counterintelligence coordination structure, consisting of representatives from appropriate departments and agencies of the Federal Government, which will be responsible, under the direction of the Director of Central Intelligence, for discharging functions pertaining to the central coordination of such policies and procedures and for fully effecting appropriate, correlated implementation thereof.

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